Chairman Robinson called the meeting to order at 2:05 p.m. in Room 200.

MEMBERS PRESENT: Mr. Bennett
Mr. Brady (Late-excused)
Mr. Bremner (Late-excused)
Mr. Chaney
Mr. Dini
Mr. DuBois
Mr. Jeffrey
Mr. Kovacs (Late-excused)
Mr. Prengaman
Mr. Rusk (Late-excused)
Dr. Robinson

MEMBERS ABSENT: None

GUESTS PRESENT: See Attached Guest List

Dr. Robinson advised the members of the Committee that a request had come through Assemblyman Marvel to make changes to the statutes covering mutual savings and loan associations.

A MOTION WAS MADE BY MR. JEFFREY THAT THE COMMITTEE REQUEST A BILL FOR THE PROPOSED CHANGES. THE MOTION WAS SECONDED BY MR. DINI AND CARRIED WITH A UNANIMOUS VOTE OF THE MEMBERS PRESENT.

Dr. Robinson reminded everyone that the meeting for next Wednesday, April 8, 1981 would be held in the old Assembly Chambers in the Capitol Building.

The Chairman then opened the hearing on A.B. 343.

A.B. 343: REDUCES DAYS OF HORSE RACING REQUIRED AT GREYHOUND TRACK.

Presenting the bill to the Committee was Assemblyman Jack Jeffrey, Assembly District 22. Mr. Jeffrey gave a brief background on the bill saying that the initial draft had called for 30 days of horse racing but that an agreement had been reached between Las Vegas Downs Racetrack and the people representing the thoroughbred racing/breeding association that provided for Las Vegas Downs to sponsor 34 days of horse racing with another 6 days to be sponsored by a nonprofit organization. Mr. Jeffrey stated that 7% of the "handle" would go for purses, directly from Las Vegas Downs to be augmented by 1% that currently goes to the state, if approved by the Ways and Means Committee.

Dr. Robinson asked Mr. Jeffrey if he knew whether or not the payments from the racetrack were reaching the City of Henderson in a timely fashion. Mr. Jeffrey responded that he thought they were. He added that the City of Henderson was quite happy with the way

the payments were being handled.

Mr. Prengaman then asked what the reasoning was behind reducing the tax mentioned on page 3, line 16 to 2% from 3%. Mr. Jeffrey responded that, providing the amendments survive Ways and Means, there would be a total of 8% of the "handle" going toward the purses. He also said that there had never really been any money paid into the treasury under this provision and that it had been a "break-even proposition" at best as far as the racing commission was concerned.

Testifying as proponents for A.B. 343 were David J. Funk, vice-president and managing director of Las Vegas Downs and Hershel Trumbo, president of Las Vegas Downs. Mr. Trumbo read a brief statement to the Committee. He indicated that it was vital to the future of both horse and dog racing to reduce the number of days required for horse racing at Las Vegas Downs. He gave the history behind the formation of Las Vegas Downs and how that entity came to be associated with David K Funk. Mr. Trumbo went on to say that if the track were allowed to race greyhounds to the maximum, it would be in a sound position to introduce horse racing in January, 1982.

Dr. Robinson then asked Mr. Funk a series of questions that were submitted by horse owners who were not active in the negotiations to get the bill into its present state.

Dr. Robinson: "How many days of dog racing to you anticipate per year?"

David J. Funk: "Approximately 300 days."

Dr. Robinson: "When an outside group comes in, like one of the fairs or agricultural groups to run horse racing, what charges will you place upon them for the use of facilities?"

David J. Funk: "The most minimal we can come up with. In fact, we'll probably operate the facility for them as professional racetrack managers at little or no cost."

Dr. Robinson: "Will the cost include debt service?"

David J. Funk: "The cost of running the fair or meet? No sir."

Dr. Robinson: "When do you intend to start horse racing?"

David J. Funk: "Hopefully the middle of January, 1982."

Dr. Robinson: "What days to you intend to run races? First of all, would it be day or night or what?"

David J. Funk: "There would be daytime horse racing. Horse racing is traditionally done during the day. Most weekends, and whatever holidays are necessary to attempt to

get a 40 day meet in during the months of January through May--ending sometime around Memorial Day in 1982."

Dr. Robinson: "About how many days a week would that be?"

David J. Funk: "That's about two days a week, sir."

Dr. Robinson: "Do you intend to hold additional races in the fall?"

David J. Funk: "We will, sir, if we're in a position to at least break even. We will commit to that at this point and add additional days in the fall of 1982 and every year thereafter."

Dr. Robinson: "Do you have any criteria set for whether or not you will?"

David J. Funk: "No sir, we haven't. We do have a national research firm by the name of Killingsworth, Liddy and Company who are doing some projections and proforma statements for us. We hope to have those long before this bill is probably acted upon on the floor, and I think this will assist us in arriving at that break-even point."

Dr. Robinson: "With your experience in horse racing, at what point do you think you will reach a break-even point on running horses? Do you figure it on a day-to-day or by the overall or whole meet or what?"

David J. Funk: "I think, realistically, we have to look at it at least half way into the meet before we'd really know where we're at. It's so very difficult--we found that after projecting certain expenses in dog racing, that those expenses have almost doubled in a lot of cases after opening. Our payroll is much higher than we'd ever anticipated it to be, and we've been operating racetracks very successfully since 1942--my family has; and with inflation and the cost of doing business going up so fast, it's very hard to project that far ahead at this time."

Dr. Robinson: "Are the employees that you use for dog handlers, and that actually run the dog part of it, going to be the same people that you'll be using for the horses?"

David J. Funk: "No sir. It would be a completely different group of people. We're now employing about 225 to 250 people on a daily basis. Once we get into horse racing, with the employees that the horse trainers and owners need, there will probably be in excess of 1,000 people employed on the site during any one week of horse racing."

Dr. Robinson: "Do you anticipate running horse meets simultaneously with dog meets?"

David J. Funk: "Yes sir, that was the original conception of Las Vegas Downs; the combination horse and greyhound facility."

Dr. Robinson: "Do you have any tentative plans for encouraging groups or organizations to run horse racing at the track over and above the minimum 40 days?"

David J. Funk: "Yes sir, I think it would be to our advantage to get as much exposure in horse racing as possible and yet not take that terrible risk of losing a lot of money; and, therefore, I think that we'd be in a position, if the racing commission would permit, and of course the law would permit, that we'd have as many nonprofit meets as possible. I think that's one of the advantages that this Assembly Bill 343 does for horse racing."

Dr. Robinson: "Besides the revenues generated through racing at the track, do you recollect how much your property taxes are?"

David J. Funk: "No sir, I'm sorry I don't at this time. I didn't bring that information with me."

Following Mr. Funk and Mr. Trumbo and representing the Nevada Racing Association, was lobbyist, Renny Ashleman. Mr. Ashleman stated that he was concerned with racing that might be conducted in the less populated counties. He indicated that the track located in Storey County, if operating under the old act, would be able to run only quarter horses and the cost would be from 50% to 2/3 greater to put in a track for running only quarter horses. He said the track would be losing money with only very minimal purses.

Mr. Ashleman added that the major problem with horse racing seemed be the small size of the purses. He also indicated that some revisions to the current bill were necessary. He said that the tracks in the less populated areas should have the option of running horse racing or, if they do not run horse racing, they would pay $200,000 per year or an amount equal to one half of all of the paramutual money handled, whichever is greater. This money would be distributed by the racing commission as additional purses for horses racing in the state.

Mr. Ashleman stated there was an amendment that would establish a payment ratio of two and one half percent for each day of horse racing to be paid if there was another racetrack within one hundred miles. "That is not our intended result, and it's not the agreement that we have with the horsemen. We actually intend to supply alternative language that would make the ratio of horse days versus the dog days--another words, if we were to have 300 days of dogs

and a track were to open with 100 days of horses, then we'd pay tow thirds of the money if they were on conflicting dates. If they are not on conflicting dates, we'd go ahead and pay the full amount as established here," he said.

Other amendments permit facilities within 100 miles of the Storey County track to run any number of days said Mr. Ashleman. He referred to page 2, line 9 and page 3, line 40 for the additional amendments.

Appearing next as a proponent of A.B. 343 was Harvey Whittemore, representing Reno Sports Park Arena in Washoe County. Mr. Whittemore stated that he was in general agreement with the bill as long as it was understood that there would not be a prohibition of having two tracks within one hundred miles of each other as long as one of the tracks qualifies for dog racing and that the licensee pays the alternate tax. Mr. Whittemore also stated that he was in favor of removing the limitation on the number of days of racing.

Next to speak was Mike Turpen, president of the Nevada Race Horse Owners and Breeders Association. With Mr. Turpen was Michael Nicosia. Mr. Turpen said, "We are generally in favor of this bill." He added that the agreement between the horse racers and breeders and Las Vegas Downs was intended to bring "quality" rather than "quantity" to horse racing in Nevada. He also said that that he did not think Las Vegas Downs had the facilities to run 100 days of horse racing and that the community of Las Vegas could not support that many days of horse racing.

Mr. Turpen said that he felt the matter of the 8% purse was the most important item in the legislation "from the horsemens' point of view." He indicated that this amount would attract the kind of horses that "we would like to see at Las Vegas Downs." He quoted statistics that showed the increased purse would bring higher tax revenues to the state. He then read a letter from the assistant director of racing for the American Quarter Horse Association that indicated that there would be a 50% increase in Nevada's horse population over the next four years if horse racing were reestablished. The letter also indicated that there would be a rise in employment in Nevada and there would be an estimated five million additional dollars brought to the state from surrounding states because of horse racing.

Mr. Turpen indicated that the intent of the legislation was for dog racing to help subsidize horse racing and that the dog racers agreement to pay "a priviledge tax" to run dogs without running horses was an indication of that intent. He said that the tax was preferred to making the dog tracks put in facilities for quarter horses.

Mr. Nicosia urged the Committee to adopt the legislation as is with the changes that Mr. Ashleman had mentioned earlier.

Sharon Brandsness, representing the Nevada Racing Commission, indicated that she had two minor suggestions for amendments. The first item was a change to page 2, line 42 from a $50,000 bond to a $100,000 bond. The second amendment she suggested was to line 9, page 3. Ms. Brandsness stated that she felt 6 days was too limited and that those tracks that could handle more horse racing would be allowed to. She also indicated that the funds mentioned on line 30, page 2 should partially go to the Nevada breeders awards program.

Mr. Hershel Trumbo, from Las Vegas Downs, responded that he felt the $100,000 bond would be inflationary and that he also was not in favor of using portions of the funds for a breeders award program in the beginning.

Mr. Turpen indicated that he was in agreement with Mr. Trumbo.

The hearing was then closed on A.B. 343, and the Chairman opened the hearing on A.B. 123.

A.B. 123: REMOVES LIMITATIONS ON AGREED RATES OF INTEREST.

Joe Midmore, representing the Nevada Consumer Finance Association, which consists of the licensees under NRS 675 (small loan companies), stated that if the Committee decides to pass A.B. 123, it would have to be amended to cover all lenders.

There being no further comments on A.B. 123, the Chairman opened the hearing on S.B. 101.

S.B. 101: REMOVES LIMITATIONS ON INTEREST RATES FOR LOANS.

Testifying on behalf of S.B. 101 was George Vargas, representing the Nevada Bankers Association. Testifying with Mr. Vargas was George Aker, president of Nevada National Bank. Mr. Vargas stated that the Bankers Association was in favor of S.B. 101; however, he presented the Committee with a group of suggested amendments, which he stated were "mechanical" in nature with the exception of the first one. The list of suggested amendments is attached and marked "EXHIBIT A."

Mr. Vargas remarked that his major concern with S.B. 101 was that the 18% usury limit was repealed at the beginning of the bill and then restored at the end of the bill. Mr. Vargas read through his amendments explaining each as he went through the list.

Mr. Aker then gave the Committee some background information which explained how the 18% usury ceiling had been arrived at by earlier legislative sessions. He stressed that Nevada banks had lost a considerable amount of money when the prime lending rates had exceeded 20%. During the first portion of 1980, First National Bank, lost $130,000,000 because of the usury restrictions.

Mr. Aker added that during 1980, some relief came from the federal government when legislation was passed that preempted state usury laws to a point. Mr. Aker cited recent legislation that was passed in South Dakota and Delaware that allowed banks to become more competitive by removing usury limitations on credit cards.

Mr. Aker recommended the passage of S.B. 101 as opposed to the legislature trying to set another amount as a usury ceiling and stated that competition between the state's banks was the consumer's protection against abuse. He produced newspaper articles and advertisements to stress his comment about the competition between the banks.

Dr. Robinson asked Mr. Aker if Nevada banks had found themselves in the position of not having money to lend. Mr. Aker indicated that there were many cases where there just was not enough money to satisfy all of the loan requirements.

Next to testify in favor of S.B. 101 was Kenny Guinn, president of Nevada Savings and Loan. Mr. Guinn stated that he was in agreement with George Aker's testimony. He added that not only do investors send their money to states that allow higher interest rates, but the banks themselves send their money to such states too, which leaves the people without money to borrow. Mr. Guinn then explained how restrictions on savings and loans associations (with respect to interest rates) differed from the restrictions on banks.

Mr. Guinn mentioned that the truth in lending laws made floating rates unworkable. He said that the interest rate ceilings should be removed and that competition should be the regulating force. He also said that the delinquency charge specified on lines 9 and 10 on page 1 discriminated against the "little guy," and he recommended that the Committee remove the limitation and leave the charge at a flat 5%.

Testifying with Mr. Guinn was George Folsom, president of Family Savings and Loan Association. Mr. Folsom indicated that the reason the savings and loan associations were concerned with the interest rates and usury ceilings was because of "the uncertainties that are ahead." He simplified the problem by saying that if the savings and loan associations and the banks were going to remain in the business of lending money, they will have to be able to make more on the money than it costs them to acquire it.

Mr. Folsom indicated that he was concerned with subsection 2 of section 13, which is found on page 6, lines 10 through 14. He said he was not sure that he understood what that subsection meant, and that he would like to see that subsection removed from the bill.

Dr. Robinson asked Mr. Folsom if the removal of that subsection would open contracts made prior to the effective date of the bill to

to drastic changes in interest rates. Mr. Folsom responded that making the rates on such contracts float with the going market rates would be "in accordance with the spirit of the act."

Mr. Guinn interceded with an explanation of how contracts with interest rates floating with the prime rate worked and how home loans with variable interest rates differed from other types of contracts that were tied to the prime rates.

Mr. Dini pursued the question by asking what would happen to those people who had entered into contracts with the understanding that their interest rates would never be able to rise above the 18% usury limit. Mr. Folsom responded that loans should be permitted to float if the contract was signed after the federal preemptive act had become effective. He added that loans made prior to the effective date of that act would not be affected.

Mr. Aker interjected that the question was really more applicable to banks than it was to savings and loan associations. Mr. Guinn remarked that savings and loans do not even handle that type of loan. Mr. Aker stated that, speaking for First National Bank, he would be able to work around that particular subsection in the bill; however, he perferred to have it removed.

Mr. Guinn explained how variable rate mortgages were regulated by the federal laws.

Next to speak was Mr. Don Brodeen, representing the Nevada and Southern Nevada Mortgage Bankers Associations. Mr. Brodeen stated that he was fully in favor of S.B. 101 with the amendments proposed by Mr. Vargas. Mr. Brodeen's testimony is attached and marked "EXHIBIT B."

Following Mr. Brodeen was Gordon DePaoli, speaking on behalf of Park Cattle Co. Mr. DePaoli's testimony is also attached in full and marked "EXHIBIT C."

Mr. DePaoli added that he wanted to see an amendment to one of Mr. Vargas' amendments. Specifically, he wanted to see the phrase "made in the State of Nevada on or after the effective date of this act" removed from subsection 2 of section 12, page 5.

The next witness, Tomas Lavelle, stated that he represented Caesars World. Mr. Lavelle stated that he wanted to lend his support to the comments made by Mr. DePaoli

Senator Hernstadt then came forward and indicated that he wanted to be available in the event that the Committee had any questions on why the Senate had passed the bill in its present state. He added that he also wanted to go on record as being opposed to the testimony of Mr. DePaoli and Mr. Lavelle because he felt that they were attempting to utilize the legislature to renegotiate their loans.

Senator Hernstadt added that some people had made and negotiated loans based on a percent tied to the prime rate. He said that these loans had been entered into on the advice of their counsel. The Senator urged passage of the bill and said that it was necessary in order to bring capital into the state.

Mr. Dini questioned Senator Hernstadt if the state did not have an obligation to protect the person who had entered into a loan contract with the understanding that the state would not permit interest rates to exceed 18%.

Senator Hernstadt responded that such loans, especially the floating types of loans, could have included a provision that would not permit the interest rate to drop below a certain amount nor exceed a certain amount. He suggested that when loans are made on the advice of counsel where the maker of the loans is not protected against the possibility of usury limits being removed, that person might have a case of malpractice against his attorney.

Dr. Robinson then asked if section 13, which stated "...do not apply to any contract or note made before the effective date of this act, regardless of any provision of the contract or note," was not protection against someone being charged interest in amounts in excess of 18%.

Senator Hernstadt answered that that was not the intention of the bill. He said that it was his intention to get rid of the limits "completely" on floating types of loans.

Dr. Robinson also asked if subsection 2 of section 13 was not redundant. Senator Hernstadt indicated that this subsection was put in by the Senate Committee on Judiciary to set a cap at 18% and that he, personally, was not in agreement with this cap.

Dr. Robinson posed the same question to Mr. Aker. Mr. Aker responded that the deletion of subsection 2 of section 13 would leave everyone in a neutral position with all the rights and remedies that existed at the time that the loan was made. He added that he "would feel good" eliminating that provision with the knowledge that any injustices would be redressed in court.

I. R. Ashleman, representing American Investors Mortgage Company and the Nevada Thrift Association, stated that he concurred with most of Mr. Vargas' technical amendments. He added that the associations that he represented felt that there were some areas for which the ceiling on interest rates should not be removed. He indicated that Amendment No. 368 (attached and marked "EXHIBIT D") took care of those areas.

Mr. Ashleman noted that if the Committee adopted Amendment No. 368, one of Mr. Vargas' amendments would create a problem. Specifically, he indicated that Mr. Vargas' amendments would delete NRS 99.050

from page 2, Section 4, and Amendment No. 368 would require the reference to that statute to remain in the bill. Mr. Ashleman then worked his way through Amendment No. 368 explaining the provisions to the Committee.

Next to testify on S.B. 101 was Joe Midmore, representing the licensees under NRS 675, the small loan industry. As a point of information, Mr. Midmore noted that NRS 645b covered people who hold themselves out for hire to serve as an agent for a person looking for a loan, those who serve as an agent for a person who has money to lend, persons holding themselves out as being able to make loans secured by liens on real property, and persons servicing loans as well as mortgage brokers. He added that 645b applies to persons who loan their own money as well as brokers.

Mr. Midmore commented that the licensees under NRS 675 were satisfied with S.B. 101 as it came from the Senate because it removes the interest restrictions from everyone except the pawn brokers, who had requested that the restrictions not be removed from that industry, and the mortgage brokers. He added that if the Committee wished to adopt the amendments proposed by Mr. Ashleman, whereby the small loan industry would remain regulated with respect to interest rates, his clients would not create dissension and hold up the bill; however, they preferred to be included with other lenders for whom the interest ceilings would eliminated.

Mr. Midmore stated that if the Committee chose to go with Amendment No. 368, he hoped that the reference to forty-eight percent interest would be deleted leaving an amount of thirty-six percent, which he noted "was plenty."

In response to a question from Dr. Robinson, Mr. Midmore indicated that certain sections of Amendment No. 368 referred to another bill that had already been signed into law, A.B. 127.

Mr. Ashleman then added that Amendment No. 368 "repealed the repealer" by deleting Section 11 entirely.

A representative of the Nevada Mortgage Association testified that the Association concurred with all of the amendments proposed by Mr. Ashleman.

Chairman Robinson requested that the Committee take action on A.B. 206 for which hearings had been held on March 5, 1981.

A.B. 206: CLARIFIES DEFINITION OF "ADJUSTER" OF INSURANCE.

THE MOTION TO DO PASS A.B. 206 WAS MADE BY MR. BREMNER AND SECONDED BY MR. KOVACS. THE MOTION CARRIED.

Mr. Bremner indicated that he would handle the floor work for the bill.

Dr. Robinson then asked for Committee action on A.B. 224.

A.B. 224: INCREASES REQUIRED MINIMUM AMOUNTS OF PROOF OF FINANCIAL RESPONSIBILITY CONCERNING MOTOR VEHICLES.

A MOTION WAS MADE BY MR. KOVACS TO INDEFINITELY POSTPONE A.B. 244. THE MOTION WAS SECONDED BY MR. DUBOIS AND PASSED WITH MR. BREMNER ABSTAINING DUE TO A CONFLICT OF INTEREST.

The chairman then moved the discussion to A.B. 223.

A.B. 223: INCREASES MINIMUM AMOUNT OF INSURANCE COVERAGE REQUIRED FOR MOTOR VEHICLES.

After some discussion on the bill, the Committee members agreed to defer action on A.B. 223 until data pertaining to increases in insurance rates could be provided by lobbyist, Virgil Anderson.

Respectfully submitted,

Evelyn Edwards
Committee Secretary

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE April 2, 1981

SUBJECT A.B. 206: Clarifies definition of "adjuster" of insurance.

MOTION:

Do Pass X Amend ____ Indefinitely Postpone ____ Reconsider ____

Moved By Mr. Bremner Seconded By Mr. Kovacs

AMENDMENT: ____

Moved By ____ Seconded By ____

AMENDMENT: ____

Moved By ____ Seconded By ____

	MOTION		AMEND		AMEND	
VOTE:	Yes	No	Yes	No	Yes	No
BENNETT	Absent					
BRADY	Absent					
BREMNER	X					
CHANEY	Absent					
DINI	X					
DUBOIS	X					
JEFFREY	Absent					
KOVACS	X					
PRENGAMAN	X					
RUSK	X					
ROBINSON	X					
TALLY:	7	0				

ORIGINAL MOTION: Passed X Defeated ____ Withdrawn ____

AMENDED & PASSED ____ AMENDED & DEFEATED ____

AMENDED & PASSED ____ AMENDED & DEFEATED ____

Attached to Minutes April 2, 1981

61st SESSION NEVADA LEGISLATURE

ASSEMBLY COMMERCE COMMITTEE

LEGISLATION ACTION

DATE April 2, 1981

SUBJECT A.B. 224: Increases required minimum amounts of proof of financial responsibility concerning motor vehicles.

MOTION:

Do Pass ____ Amend ____ Indefinitely Postpone X Reconsider ____.

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved By _____ Seconded By _____

AMENDMENT: _____

Moved By _____ Seconded By _____

	MOTION		AMEND		AMEND	
VOTE:	Yes	No	Yes	No	Yes	No
BENNETT	Absent					
BRADY	Absent					
BREMNER	Abstain					
CHANEY	Absent					
DINI	x					
DUBOIS	x					
JEFFREY	Absent					
KOVACS	x					
PRENGAMAN	x					
RUSK	x					
ROBINSON	x					
TALLY:	6	0				

ORIGINAL MOTION: Passed X Defeated _____ Withdrawn _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

AMENDED & PASSED _____ AMENDED & DEFEATED _____

Attached to Minutes April 2, 1981

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

DATE: 4-2-81

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK FOR	AGAINST	BILL NO.
Hershel Tumbo	Las Vegas Dawn	✓		AB-343
David J. Funk	Las Vegas [illegible]	✓		AB-343
[illegible]	Nev. League of Savings [illegible]	✓		SB 101
Ron Bigler	Nevada Bankers Assn.	✓		SB101
[illegible]	[illegible]	✓		AB 343 SB 101
Mike Tanner	[illegible]	✓		AB 343
Sally Loucks	Nev. Racehorse Owners Assn.	✓		AB-343
Chuck King	Cen Tel	—		—
Leon [illegible]	Reno Police Dept.			
Harvey [illegible]	Lincoln Savings & Loan			
[illegible]	5401 Kietzke Lane			
Sam Stern	Nevada First Bank			
Sidney [illegible]	[illegible]			
Lewis W. Shuman	AIM American Investors & Mtg. Reno Las Vegas			
Gordon H. DePaoli	Park Cattle Co.	With Amendments		SB 101
Thomas [illegible]	Circus World	"		SB 101
[illegible]	Sequoia Park, Florida	✓		SB 101
[illegible]	Fairmont Corp., Reno	✓		SB 101
[illegible]	Nevada Home Builders Assn.	✓		AB 343
[illegible]	Nevada Public Employees Retirement System	✓		SB 101

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

DATE: 4-2-81

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK FOR	AGAINST	BILL NO.
Hershel Tomlin	Las Vegas [illegible]	✓		AB-343
David J. Funk	Las Vegas [illegible]	✓		AB-343
[illegible]	Nev. League of Savings [illegible]	✓		[illegible] 101
Ron Bigler	Nevada Bankers Assn.	✓		SB 101
[illegible]	[illegible]	✓		AB 343 SB 101
Mike Tingey	[illegible]	✓		AB 343
SALLY LOCKER	Nev. Racehorse Owners Assn.	✓		AB-343
CHUCK KING	CEN TEL	—		—
LEON [illegible]	Reno Park Sports Assn			
Harvey [illegible]	Circus Circus Corp.			
[illegible]	Sahara Reno Hotel			
SAM STERN	NEVADA FIRST BANK			
Sidney Stern	[illegible]			
Lewis W. Bowman	AIA American Investors Life Ins. Co. Reno Las Vegas			
Gordon H. DePaoli	Park Cattle Co.	With Amendments		SB 101
Thomas E. Lucille	Caesars World	"		SB 101
Walter M. Cohen	Security Bank of Nevada	✓		SB 101
[illegible]	Harrahs [illegible]	✓		SB 101
[illegible]	Nevada Home Builders Assn.	✓		AB 343
[illegible]	[illegible]	✓		SB 101

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

DATE: 4-2-81

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK FOR	AGAINST	BILL NO.
George EAker	Nevada Banker	✓		SB101 AB123
George Vargas	"	✓		✓
Tom Bader	Nevada Mortgage Bankers	✓		SB
John H. Mathias	J. C. Penney	✓		S.B. 101
Henry Lewis	Nevada Stores	✓		
George L. VARGAS	Nev BANKERS	✓		SB 101

53

EXHIBIT A

Suggested Amendments to S.B. 101 as Amended

Add a new SECTION 1, page 1 to read as follows:

Section 1: NRS 97.155 is hereby amended to read as follows:

"Time price differential," however denominated or expressed means the amount which is paid or payable for the privilege of purchasing goods or services to be paid for by the buyer in installments over a period of time. It does not include the amount, if any, charged for insurance premiums, annual credit card membership fees, delinquency charges, attorney's fees, court costs or official fees.

Amend SECTION 1, line 1, page 1 to read "SEC 2."

Amend SEC. 2, line 14, page 1 to read "SEC. 3."

Amend SEC. 3, line 23, page 2 to read "SEC 4."

Amend SEC. 4 to read as follows:

"SEC. 5 NRS 99.050 is hereby repealed."

Amend SEC. 5, line 38, page 2 to read "SEC 7."

Amend SEC. 7, line 30, page 3 to read "SEC. 8."

Amend SEC. 8, line 45, page to read "SEC. 9 and amend SEC. 2, line 7, page 4 to eliminate the words "permitted by NRS. 99.050 in lines 13 and 14 and the word "or" in line 15."

Amend SEC. 9, line 23, page 4 to read "SEC. 10."

Amend SEC. 10, line 23, page 5 to read "SEC. 11."

Amend SEC. 11, line 42, page 5 to read "SEC. 12."

Amend SEC. 11, line 42, page 5 to read "SEC. 12."

Amend SEC. 12, line 43, page 5 to read "SEC. 13."

Further amend SEC. 12, line 43, page 5 by deleting in their entirety all subsections 1 and 2 thereof, from and including line 44, page 5, to and including line 6, page 6 and substituting in lieu thereof the following:

1. Under subsection (b)(2) to section 501 of the Depository Institutions Deregulation and Monetary Control Act of 1980, Public Law 96-221, and declares that the provisions of subsection (a)(1) of section 501 of that act do not apply to loans, mortgages, credit sales and advances made in the State of Nevada on or after the effective date of this act; and

2. Under section 512, Part B of the Depository Institutions Deregulation and Monetary Control Act of 1980, Public Law 96-221, and declares that the provisions which preempt the law of this State under section 511, Part B of that act do not apply to business and agricultural loans in amounts of $1,000.00 or more, made in the State of Nevada on or after the effective date of this act.

Amend SEC. 13, line 7, page 6 to read "SEC. 14."

Amend SEC. 14, line 15, page 6 to read "SEC. 15."

EXHIBIT B

Re: SB101

Honorable Assemblymen:

My name is Don Brodeen. I am Chairman of the Legislative Committees of the Nevada Mortgage Bankers Association and the Southern Nevada Mortgage Bankers Association and also the designated spokesman for the Southern Nevada Homebuilder's Association regarding this bill. Much of my testimony may be repetitious of prior testimony and I will not belabor those issues except for minor remarks.

1. Usury is an archaic law which has no use in todays society. We don't legislate the price of a loaf of bread and money is a much a commodity as that loaf of bread. If we limit the price we are going to eliminate the supply or seriously deplete it. If we had not had the Federal pre-emption of the State usury law since March 31, 1980, there would have been literally no construction in Nevada in 1980 and at the present time.

2. Usury in Nevada is an invitation to disaster. Nevada is a "Cash Poor" state in that we must rely on "foreign" capital from outside Nevada to satisfy our money needs. Information provided herewith demonstrates this fact. If we have a usury law, no matter at what level, it will only serve to dry up that supply in "tight money" times as we have seen in the recent past and surely will see in the future.

3. Usury <u>does not</u> protect the small borrower, <u>in fact it hurts him</u>. He is forced to go to whatever source he can find if he needs money badly. We constantly hear of loan sharking and gouging. The investor who is limited on his return is not going to put his money into a high risk loan without a proper return. That

proper return should be at the discretion of the investor who is willing to take the risk and the borrower who needs the money.

4. Our usury statutes as they now exist are confusing, to say the least, and suffer from conflicting interpretation from almost every legal mind that reviews them. Every category of lender has a different set of rules to live by, some with no usury ceiling, some with extremely liberal ceiling and others, like ourselves, with an insufficient 18% per annum limit. Lets open up the limit and let the law of supply and demand prevail. If we have an unacceptable ceiling we only decimate the supply and the demand will go to the party that is not affected, or has the highest usury limits. Lets remedy these inequities.

5. California recently passed a constitutional amendment which exempts "Mortgage Brokers", including "Mortgage Bankers", from usury limits. Prior to the passage of this amendment only "Supervised Lenders" were exempt. The results of that referendum have served to highly increase competition in California and is now starting to bring rates down.

6. Arizona has revised their statutes to allow any rate negotiated between parties.

7. Colorado recently passed a bill setting usury at 45%.

8. States who have unrealistic limits are suffering in many ways. Primarily they have little to no credit available plus they are losing local capital to areas that offer investors a better return.

9. It is quite obvious that the Federal government is making every attempt to get the Federal Housing Administration less involved in single family housing which will add further problems to our ability to attract money to Nevada. The concensus seems to be that FHA will be out of the single family program by 1984.

10. Nevada is a "growth" area. If the MX is approved for this state that will create added need for money. If the MX is not approved, we still have one of the fastest growing states in the Union.

11. We have revised the usury law in the last 3 sessions of the Legislature, as I recall, and each time our efforts were proved to be insufficient. Lets get the job done this time so no more valuable time has to be wasted two years from now and thereafter.

The usury bill addressed here, SB101, serves to eliminate most usury and we support that concept. We would like to address Nevada Lending as it is affected by the Mortgage Banking Industry. The proper definition of a "Mortgage Banker" is an organization which "Originates and services loans for institutional investors". We do not originate for our own portfolio nor do we originate for individual or private investors. All of the money which we lend is derived from "foreign" capital with the exception of loans originated for sale to the Nevada Housing Division. There are some minor exceptions to this, but this is the basic concept.

We are submitting herewith for your information a three year summary of mortgage activity in Clark County, Nevada. Your will

note that "Mortgage Bankers" have originated (78) 42.6%, (79) 44.7% and (80) 42.6% of the three years activity. In those same three years Savings and Loan Associations originated (78) 29.9%, (79) 25.9% and (80) 27.6% and Banks originated (78) 27.5%, (79) 29.4% and (80) 29.7%. In addition to the information shown, there are nine "Mortgage Bankers" and one Savings and Loan Association not included. The "Mortgage Bankers" reported to me that they had 1980 recordings in excess of $99,675,000.00 and the Savings & Loans $48,779,000.00. This would serve to increase the percentages considerably for "Mortgage Bankers". Banks and Savings and Loan Associations can, and do, operate as mortgage bankers to a certain extent. Facts do prove that the "Mortgage Banker" is a very necessary and predominate factor in the Nevada economy. Facts also prove that money is going to flow to areas where the restrictions are the least confining and confusing.

Your consideration of this information in your deliberations on this subject will be highly appreciated by our associations and we trust that you will endorse the contents herein.

Respectfully submitted,

Don Brodeen, Chairman, Legislative Committee
Nevada Mortgage Bankers Association
Southern Nevada Mortgage Bankers Association
Spokesman, Southern Nevada Homebuilder's Association

Banker paints bleak picture for MX future

By Joanne M. Hall
Staff Writer

A bleak economic scenario of skyrocketing interest rates, a lack of mortgage dollars and tight money could take shape if the federal government develops both the MX missile system and the West's energy resources in the 1980s, the manager of Colorado National Bank said Tuesday.

"The public sector could crowd out the private sector as it has priority for funds. If this happens in extreme, we'll have extremely high interest rates," Bruce Rockwell warned delegates to the Western Governors Policy Office's MX-Manpower-Energy conference.

The government's twin commitment to the MX missile system and energy development could be inflationary in the extreme unless rigid controls are instituted, he said. Unless inflation is reined in, it could bring about a major dislocation in the money markets.

"Is the number one national enemy the Soviet Union or inflation? We may find that these projects contain built-in inflation," Rockwell said.

The dollar amount involved in developing these two projects is staggering, he observed.

The Air Force has projected it will cost $33 billion to construct the 200-missile, 4,600-shelter system in Nevada and Utah. Other estimates have pushed the estimate up to $100 billion.

This, however, does not include the structure of new power plants, housing, schools and roads.

It will cost $15 billion for the plants and equipment to produce 600 barrels of oil a day from oil shale or coal gasification, Rockwell estimated. It will cost $60 billion to construct a plant with a production capacity of 2,000 barrels a day.

Rockwell was speaking on a panel tackling critical constraints in developing these two large-scale projects.

Besides financial constraints, other limitations include a shortgage of technical and skilled labor, lack of availability of equipment and materials, and a question of the availability of natural resources.

John Cowles, of TRW, divided the constraints into two general areas. Those effecting the private sector (industry) and those effecting the public sector.

The later, he admitted, are discretionary as they encompass the effect of growth on a community and a possible deterioration in the quality of life.

REAL ES[illegible] LOANS as recorded in
CLARK C[illegible]TY NEVADA

Compiled for [illegible] records by
TITLE INSURANCE A[illegible] TRUST COMPANY

THREE YEAR SUMMARY
1980***1979***1978

PRINCIPAL LENDERS	DOLLAR VALUE ACTIVITY			No. of TRUST DEEDS		
	1980	1979	1978	1980	1979	1978
VALLEY BANK OF NEVADA	160,882,000.	100,926,600.	159,336,400.	558	771	1019
NEVADA SAVINGS & LOAN	124,694,000.	152,940,200.	161,188,400.	1631	2521	2282
FIRST WESTERN SAVINGS & LOAN	72,696,000.	91,302,400.	100,821,150.	886	1045	1183
FIRST NATIONAL BANK OF NEVADA	68,370,000.	215,096,500.	108,262,500.	625	1090	1324
WEYERHAEUSER	53,123,000.	94,583,500.	109,440,800.	512	1261	1509
MASON McDUFFIE	49,968,000.	94,343,400.	60,896,200.	858	1537	980
SHERWOOD & ROBERTS	41,819,000.	41,092,800.	43,902,800.	359	380	346
MARGARETTEN & COMPANY	41,673,000.	54,342,200.	36,186,200.	645	906	781
FRONTIER SAVINGS ASSOCIATION	39,874,000.	66,938,700.	73,870,700.	456	767	829
THE KISSELL COMPANY	36,192,000.	34,329,600.	26,552,100.	644	652	586
NEVADA NATIONAL BANK	34,816,000.	50,535,700.	42,032,500.	344	710	814
LOMAS & NETTLETON	33,103,000.	28,822,700.	10,665,200.	104	166	73
THE COLWELL COMPANY	27,137,000.	44,966,400.	60,054,000.	194	466	565
NEVADA STATE BANK	17,599,000.	15,724,100.	26,578,600.	314	280	393
THE STANWELL COMPANY	16,579,000.	49,443,500.	45,247,200.	179	875	876
THE HAMMOND COMPANY	15,905,000.	3,689,000.	-	303	72	-
SUBURBAN COASTAL	15,069,000.	-	-	243	-	-
FIRST FEDERAL SAVINGS & LOAN	14,991,000.	13,319,800.	15,073,300.	433	216	293
WESTERN PACIFIC MORTGAGE	14,546,000.	13,822,000.	18,259,400.	155	278	363
TRANSAMERICAN MORTGAGE	13,571,000.	27,213,600.	25,314,100.	259	523	568
APPLEWHITE	11,366,000.	21,600,900.	17,186,050	202	393	389
HOME SAVINGS ASSOCIATION	11,318,000.	13,449,900.	18,606,400.	105	102	199
WESTERN MORTGAGE & LOAN CORP	7,750,000.	-	-	82	-	-
INVESTORS MORTGAGE	7,657,000.	9,158,400.	8,437,900	109	185	184
SECURITY PACIFIC MTGE CORP.	6,401,000.	32,992,200.	29,977,300.	127	442	259
JUSTICE MORTGAGE	5,501,000.	17,498,700	23,746,100.	98	334	541
PACIFIC MORTGAGE	5,371,000.	4,638,000.	-	97	90	-
KNUTSON MORTGAGE	4,640,000.	-	-	71	-	-
PIONEER CITIZENS BANK	4,144,000.	5,770,500.	6,617,500.	50	82	102
WESTERN MORTGAGE CORP.	3,383,000.	18,102,900.	14,818,800.	56	280	329
AMERICAN SAVINGS & LOAN	1,262,000.	1,508,600.	3,119,300.	52	16	40
SUB-TOTALS	961,598,000.	1,320,172,600.	1,246,792,900.	10,753	16,741	17,167
INDIVIDUALS & OTHERS	1,390,022,000.	1,275,441,900.	893,106,600.	18,683	18,773	15,386
TOTALS	2,351,620,000.	2,595,614,500.	2,139,899,500.	29,436	35,514	32,553
MORTGAGE BANKERS	410,754,000. 42.7%	590,639,800. 44.7%	530,684,150. 42.6%	5,297	8,840	8,349
SAVINGS & LOAN ASSN'S	265,033,000. 27.6%	341,479,400. 25.9%	373,281,250. 29.9%	3,565	4,968	5,166
BANKS	285,811,000. 29.7%	388,053,400. 29.4%	342,827,500. 27.5%	1,891	2,933	3,652

ITEMS OF INTEREST

No. of DEEDS		REAL PROPERTY TRANSFER TAX
Year	No.	Amount
1980	32,754	$1,567,274.40
1979	40,675	$1,656,262.30
1978	38,422	$1,110,799.90

BUILDING PERMITS

Year	No.	Value
COUNTY OF CLARK		
1980	8,457	$365,425,649.
1979	11,874	$427,572,674.
1978	13,191	$428,062,102.
CITY OF LAS VEGAS		
1980	6,639	$188,061,472.
1979	1,056	$ 20,562,042.
1978	1,261	$ 11,890,271.
NORTH LAS VEGAS		
1980	880	$ 21,883,516.
1979	1,056	$ 20,562,042.
1978	1,261	$ 11,890,271.
HENDERSON		
1980	5,155	$ 61,080,842.
1979	6,295	$ 65,933,856.
1978	5,702	$ 69,302,150.
BOULDER CITY		
1980	796	$ 6,792,183.
1979	1,537	$ 37,630,894.
1978	1,433	$ 19,488,721.

EXHIBIT C

STATEMENT OF GORDON H. DePAOLI

ATTORNEY AT LAW

BEFORE THE

COMMITTEE ON COMMERCE OF THE

NEVADA STATE ASSEMBLY

REGARDING

SENATE BILL 101 RELATING TO INTEREST ON MONEY; REMOVING LIMITATIONS ON INTEREST RATES FOR CONSUMER AND OTHER LOANS AND OVERRIDING FEDERAL PROVISIONS ON INTEREST RATES FOR THOSE LOANS

CARSON CITY, NEVADA

APRIL 2, 1981

STATEMENT OF GORDON H. DePAOLI, ESQ.

I. INTRODUCTION

Chairman Robinson and members of the Committee, my name is Gordon DePaoli. I am a member of the Reno, law firm of Woodburn, Wedge, Blakey and Jeppson. I have been engaged in the private practice of law since 1973 and since that time I have represented lenders and borrowers in various transactions. Today I am speaking on behalf of Park Cattle Co.

My testimony today is confined to sections 12 and 13 of the Bill. Section 12 deals with Nevada's override of certain federal legislation enacted in 1980 and section 13 deals with the effect of the Bill on existing contracts. I will propose technical amendments to Section 12 and a substantive amendment to section 13.

II. THE OVERRIDE OF THE PROVISIONS IN THE DEPOSITORY INSTITUTIONS DEREGULATION AND MONETARY CONTROL ACT OF 1980, PUBLIC LAW 96-221 WHICH PREEMPT STATE USURY LAW.

Section 12 of the Bill contains an express rejection of recent federal legislation preempting state laws with respect to interest rates. The federal law is entitled the "Depository Institutions Deregulation and Monetary Control Act of 1980;" it became effective April 1, 1980. Among other things, it creates federal law for interest rates applicable to residential mortgages and business and agricultural loans. As such, this federal legislation preempts the State constitutional or statutory provisions for such interest rates. In addition, the federal act as amended in October of 1980, may apply retroactively to loans which provide for interest at a variable rate.

The federal statute is unusual, however, in that it expressly permits a state legislature to override the federal preemption and to reassert the state's law governing such interest rates. This provision for a state override is an express recognition of the traditional role of state legislatures in the determination of interest rates. As of December 1980, some five states had already overriden parts of the federal statutes. These states include Hawaii, Iowa, Kansas, Massachusetts and Minnesota.

Section 12 of the Bill complies with the rather precise override requirements of the federal law. It specifically refers to the federal act and states that Nevada does not want the federal preemptions to apply. It expressly overrides the federal legislation both for residential mortgages and business and agricultural loans. These areas are properly left to state control and this Legislature should never surrender its right to enact interest rate legislation it may regard as appropriate.

However, some minor and technical changes in Section 12 are proposed. Section 12(1) refers to the "Depositary Institutions Deregulation and Monetary Control Act of 1981." The word "Depositary" is spelled "Depository" in the federal act. The title of the federal act also specifies the year 1980 not 1981.

Section 12(2)should also be amended to reflect an amendment that was made to the federal act late in 1980. As originally written, the federal act preempted state usury laws as they applied to business and agricultural loans only of $25,000 or more. However, on October 8, 1980, Congress in the Housing and Community Development Act of 1980,

Public Law 96-399, amended section 512 of the Depository Institutions Deregulation and Monetary Control Act by reducing the $25,000 amount to $1,000 or more. See 94 Stat. 1648. Section 12(2) of Senate Bill 101 should therefore be amended by substituting "$1,000" for "$25,000."

III. THE EFFECT OF THIS BILL ON EXISTING CONTRACTS

Section 13 of the Bill addresses the question of retroactive application of the proposed change in the usury laws to existing contracts. As you know, this Bill removes all interest rate restrictions on most loans and permits the parties to agree to any rate of interest. Under Section 13(1) of the Bill its provisions are expressly made not retroactive. The provisions of this Bill do not apply to contracts or notes made before its effective date.

Precluding the retroactive application of changes in the interest rate statute is consistent with this Legislature's approach to this issue throughout its history. Nevada first enacted a statute dealing with interest in 1861. See, 1861 Stat. of Nev. 99. Amendments were enacted in 1913, 1975 and 1979. See 1913 Stat. of Nev. 31; 1975 Stat. of Nev. 1794; 1979 Stat. of Nev. 583. Never in 120 years has this Legislature given retroactive application to a change in Nevada's usury law. Section 13(1) of this Bill continues that sound policy. Contracts are entered into in the light of then applicable laws; the contract understanding and the expectations created thereby should not be changed by subsequent legislation.

Section 13(2) of the Bill creates some doubt about the issue of retroactive application. It was added by an amendment proposed by

the Senate Judiciary Committee. The need for that amendment was discussed in the Senate Judiciary Committee on March 5, 1981. I have reviewed the minutes of that meeting. There appears to have been a concern that existing contracts which have no minimum or maximum rate expressed (variable rate contracts) would have no limit after enactment of this Bill. The Committee minutes state that the Bill should "read that any preexisting contracts that would be relieved by passage of this law cannot exceed 18%." March 5, 1981 Minutes of the Senate Committee on Judiciary at 8-9. If Section 13(2) was intended to cover this problem, it is unnecessary and should be deleted. As presently written, Section 13(1) adequately addresses the issue of this Bill's retroactive application. That portion of Section 13(2) which protects contracts entered into under the Federal Act is also unnecessary. Sections 501(b)(3) and 512(a) of the Federal Act provide that the provisions of the Federal Act will continue to apply to loans made between the effective date of the Federal Act and the effective date of any state law overriding the federal preemption.

On the other hand, Section 13(2) could be read to apply this Bill to contracts made before its effective date. If that is its purpose, it should be rejected. This legislation should be neutral on existing contracts. Deletion of Section 13(2) will leave all parties to an existing contract or note in no better and no worse position than they would have been had Nevada's usury law not been changed. Neither a borrower nor a lender can ask for anything more. Both should receive nothing less. The deletion I suggest continues the sound 120-year-old

policy of this Legislature to make changes in the usury laws wholly prospective. I urge you to adopt an amendment deleting Section 13(2) of this Bill.

Thank you for allowing me to speak to you on this important legislation.

EXHIBIT D

1981 REGULAR SESSION (61st)

ASSEMBLY ACTION		SENATE ACTION		Assembly AMENDMENT BLANK
Adopted	☐	Adopted	☐	AMENDMENTS to Senate
Lost	☐	Lost	☐	Bill No. 101 ~~Joint Resolution No.~~
Date:		Date:		BDR 8-415
Initial:		Initial:		Proposed by Committee on Commerce
Concurred in	☐	Concurred in	☐	
Not concurred in	☐	Not concurred in	☐	
Date:		Date:		
Initial:		Initial:		

Amendment No. 368

Resolves conflict with § 11 of S.B. 127

Amend sec. 4, page 2, line 29, after "99.050" by inserting "1."

Amend sec. 4, page 2, line 30 by deleting the period.

Amend sec. 4, page 2, line 31, after the closed bracket by inserting:

"unless otherwise provided by law.

2. Private parties may agree for the payment of any rate of interest on an amount of money due or to become due on any contract:

(a) Exceeding $10,000.

(b) Up to and including $10,000 which does not exceed the rate of 30 percent per annum.

3."

Amend sec, 4, page 2, line 35, by deleting "[Any" and inserting "4. Any".

Amend sec. 4, page 2, line 37, by deleting the closed bracket and inserting:

"5. As used in this section, "private party" means a person who is not in the business of making loans and is not regulated by chapter 97, 645B or 646 or Title 55 or 56 of NRS."

Amend the bill as a whole by deleting section 5, and renumbering sections 6 through 10 as sections 5 through 9.

Amend sec. 7, page 3, by deleting lines 30 through 44 and inserting:

"Sec. 6. The section added to chapter 675 of NRS by section 2 of chapter 48, Statutes of Nevada 1981, is hereby amended to read as follows:

To: E & E
LCB File
Journal
Engrossment ✓
Bill

Drafted by DS:ab Date 3-29-81

"1. Except as provided in subsection 3, every licensee may make loans of any amount with cash advance not exceeding $10,000, repayable except as otherwise provided in section 4 of this act, in substantially equal consecutive monthly installments of principal and interest combined, and may charge, contract for, collect and receive a charge for interest at a rate not exceeding the [equivalent of the greater of the following:

(a) The] total of:

[(1) Thirty-six] (a) Forty-eight percent per year on that part of the unpaid balance of the amount of cash advanced which is [$300] $500 or less;

[(2) Twenty-one] (b) Thirty-six percent per year on that part of the unpaid balance of the amount of cash advanced which exceeds [$300] $500 but does not exceed [$1,000; and

(3) Fifteen] $2,000; and

(c) Thirty percent per year on that part of the unpaid balance of the amount of cash advanced which exceeds [$1,000; or] $2,000.

[(b) Eighteen percent per year on the unpaid balance of the amount of cash advanced.]

2. Except as otherwise provided in this subsection, the charge for interest must be calculated according to the actuarial method, which is the method of allocating payments between principal and interest pursuant to which a payment is applied first to the accumulated interest and the balance, if any, is applied to the unpaid principal. A licensee may, at the time the loan is made, precompute the charge for interest at the agreed-upon rate on the scheduled unpaid principal balances according to the terms of the contract and add that interest to the principal of the loan. Where the charge for interest is precomputed the face amount of any note or contract may exceed $10,000 by the amount of charges authorized by this chapter added to principal. If the charge for interest

is precomputed, payments on account may be applied to the combined total of principal and precomputed interest until the contract is fully paid. All payments on account, except those applied to default or deferment charges, must be applied to the installments in the order in which they fall due. The effect of prepayment of a precomputed loan is governed by the provisions relating to refund upon prepayment in full.

3. On loans secured by mobile homes or factory-built housing which constitute real estate on real property as defined by NRS 361.035 the charge for interest may not exceed [18] 30 percent on the unpaid balance of the amount of cash advanced."

Amend the bill as a whole by deleting section 11.

Amend the bill as a whole by renumbering sections 12 through 14 as sections 10 through 12.

Amend sec. 12, page 5, line 44, by deleting "of the" and inserting "of section 501 of the".

Amend sec. 12, page 5, line 45, by deleting "1981," and inserting "1980,".

Amend sec. 12, page 5, line 47, by deleting "section 501 of that act" and inserting "that section".

Amend sec. 12, page 5, line 49, by deleting "subsection 512" and inserting "section 511".

Amend sec. 12, page 6, line 1, by deleting "subsection 512" and inserting "section 511".

Amend sec. 12, page 6, line 2, by deleting "$25,000" and inserting "$1,000".

Amend sec. 12, page 6, line 3, by deleting "act," and inserting "act."

Amend sec. 12, page 6, by deleting lines 4 through 6.

Amend sec. 13, page 6, line 7, by deleting "1 to 11," and inserting "1 to 9,".

Amend sec. 13, page 6, line 14, by deleting "12" and inserting "10".

Amend the title of the bill on the first line after "removing" by inserting "or increasing".